Notes to the Consolidated Financial Statements

Years Ended December 31, 2014 and 2013

## Note 9 - Income Taxes, continued

Income tax (benefit) expense consists of the following as of December 31:

## Operating:

Deferred

Current expense

Prior year underaccrual

**Total Operating** 

## Redacted for Public View

## Nonoperating:

Deferred

Current expense

Prior year underaccrual

**Total Nonoperating** 

Note 10 - Related Party Transactions

## Redacted for Public View

Notes to the Consolidated Financial Statements Years Ended December 31, 2014 and 2013

Note 10 - Related Party Transactions, continued

## Redacted for Public View

SUPPLEMENTAL INFORMATION

## 532371or3017

**Consolidating Balance Sheets** 

December 31, 2014

Cascade

Rio Virgin

Utilities,

Telephone

Inc.

Company Eliminations

Consolidated

### **ASSETS**

## **Current Assets:**

Cash and cash equivalents

Marketable securities

Accounts receivable

Accounts receivable, related parties

Interest and dividends receivable

Materials and supplies

Income taxes receivable

Prepaid expenses

**Total Current Assets** 

## Other Assets and Investments:

Notes receivable

Notes receivable, related parties

Other assets

Prepaid pension cost

Marketable securities

Investments

Investments, affiliate

Goodwill

Total Other Assets

and Investments

## Property, Plant, and Equipment:

Telecommunications

Under construction

### Less accumulated depreciation

Telecommunications, net

Cable television property, net

Nonregulated property, net

Property, Plant,

and Equipment, net

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"CONFIDENTIAL FINANCIAL INFORMATION - SUBJECT TO PROTECTIVE ORDER IN WC DOCKET NOS. 10-90, 07-135, 05-337, 03-109, 14-58, CC DOCKET NOS. 01-92, 96-45, GN DOCKET NO. 09-51, WT DOCKET NO. 10-208, BEFORE THE FEDERAL COMMUNICATIONS COMMISSION."

LIABILITIES AND

STOCKHOLDERS' EQUITY

**Current Liabilities:** 

Current portion of long-term debt

Accounts payable

Accrued expenses

Customer deposits

Advance billings

Deferred income tax

**Total Current Liabilities** 

Long-Term Liabilities:

Long-term debt

Deferred income tax

Total Long-Term Liabilities

**Total Liabilities** 

Stockholders' Equity:

Common stock

Retained earnings

Accumulated other

comprehensive income

Stockholders' Equity

Cascade

\$

Rio Virgin

Utilities,

Telephone

Inc.

Company

Eliminations

Consolidated

## Redacted for Public View

## Consolidating Statements of Income

Year Ended December 31, 2014

Schedule II

Cascade

Utilities,

Rio Virgin Telephone

Inc.

Company

Eliminations

Consolidated

## Operating Revenues:

Local network services

Network access services

Miscellaneous operating

Uncollectible revenues

**Total Operating Revenues** 

## Operating Expenses:

Plant specific

Plant nonspecific

Customer

Corporate

Depreciation and amortization

**Total Operating Expenses** 

## **Operating Taxes:**

Operating income taxes

Other operating taxes

Total Operating Expense and Taxes

Operating Income

## Other Income (Expense):

Non-operating income and expen-

Interest expense

Nonregulated operations, net

Cable television, net

Nonregulated income taxes

Non-operating income taxes

Income from subsidiary

Total Other Income

Net Income

## Redacted for Public View

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## **Consolidating Statements of Cash Flows**

Year Ended December 31, 2014

Schedule III

Cascade

Rio Virgin

Utilities,

Telephone

Inc

Company

Eliminations

Consolidated

Cash Flows from Operating Activities:

Net income

Adjustments to reconcile net

income to net cash provided

by operating activities:

Regulated depreciation and amortiza

Nonregulated depreciation

Income from equity method investme

Income from subsidiary

Change in deferred income tax

Amortization of bond premium

Realized (gain) loss on sale of marke

securities

Accrued pension benefit

Changes in assets and liabilities:

Accounts receivable

Accounts receivable, related partie

Interest and dividends receivable

Materials and supplies

Income taxes receivable and paya

Prepaid expenses

Accounts payable

Accrued expenses

Customer deposits

Advance billings

Net Cash Provided (Used)

by Operating Activities

Cash Flows from Investing Activities:

Capital expenditures

Purchase of investments and

marketable securities

Proceeds from investments

and marketable securities

Proceeds from notes receivable

Proceeds from notes receivable, related

Issuances of notes receivable

Issuances of notes receivable, related p

Distributions received from investments

Change in other assets

Net Cash Provided (Used)

by Investing Activities

## Redacted for Public

View

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## Consolidating Statement of Cash Flows, continued

Year Ended December 31, 2014

Schedule III, continued

Cascade

Rio Virgin

Utilities, Inc.

Telephone Company

Eliminations

Consolidated

Cash Flows from Financing Activities: Proceeds from long-term debt Payments on long-term debt Proceeds from ARRA BIP grant Dividends paid

> Net Cash Provided (Used) by **Financing Activities**

Net Change in Cash and Cash Equivalents

Cash and cash Equivalents, beginning

Cash and Cash Equivalents, ending

Cash Paid During the Year for Taxes

Cash Paid During the Year for Interest

Noncash Activities:

Additions to property, plant and equipment included in accounts payable

## Redacted for Public View

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is xxxx. The time required to complete this information collection is estimated to average x hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

<u> </u>		
USDA-RUS	This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq und, subject to federal laws and regulations regarding confidential information, will be treated as confidential.	
	and, subject to rederal laws and regulations regarding confidential information, will be treated as confidential.  BORROWER NAME	
	CASCADE UTILITIES, INC.	
FINANCIAL AND STATISTICAL REPORT		
FOR BROADBAND BORROWERS		
	ESTACADA, Oregon	
INSTRUCTIONS-Submit report to RUS within 15 days after close of the period.		ROWER DESIGNATION
		R1108
We hereby certify that:  1. the entries in this report are in accordance with the accounts and other records of the to the best of our knowledge and belief; and  2. we have fulfilled our obligations under the Loan Documents throughout the year in ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, FRENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.	all material respects	RIOD AND
All of the obligations under the RUS loan documents have been fulfilled in all material respects.	There has been a default in the fulfillment under the RUS loan documents. Said default(s) specifically described in the notes section of	is/are
Brenda Crosby	04/24/2015	
	DATE	
PART A. B	ALANCE SHEET LIABILITIES AND	BALANCE
ASSETS END OF PERIOD	STOCKHOLDERS' EQUITY	END OF PERIOD
CURRENT ASSETS		100
1. Cash and Equivalents		
2. Cash-RUS Construction Fund		
2. Cash-RUS Construction Fund	adaata	<b>.</b>
2. Cash-RUS Construction Fund	adacte	hc
2. Cash-RUS Construction Fund	edacte	be
2. Cash-RUS Construction Fund	edacte	be
Cash-RUS Construction Fund     Accounts Receivable     Notes Receivable     Materials and Inventory	edacte	ed
Cash-RUS Construction Fund     Accounts Receivable     Notes Receivable     Materials and Inventory     Other Current Assets	edacte	be
2. Cash-RUS Construction Fund 3. Accounts Receivable 4. Notes Receivable 5. Materials and Inventory 6. Other Current Assets Total Current 7. Assets (1 thru 6)		
2. Cash-RUS Construction Fund 3. Accounts Receivable 4. Notes Receivable 5. Materials and Inventory 6. Other Current Assets Total Current 7. Assets (1 thru 6)		
2. Cash-RUS Construction Fund 3. Accounts Receivable 4. Notes Receivable 5. Materials and Inventory 6. Other Current Assets Total Current 7. Assets (1 thru 6)		
2. Cash-RUS Construction Fund 3. Accounts Receivable 4. Notes Receivable 5. Materials and Inventory 6. Other Current Assets Total Current 7. Assets (1 thru 6)		
2. Cash-RUS Construction Fund 3. Accounts Receivable 4. Notes Receivable 5. Materials and Inventory 6. Other Current Assets Total Current 7. Assets (1 thru 6) NONCURRENT ASSETS 8. Investment in Affiliated Companies 9. Other Noncurrent Assets PLANT, PROPERTY, AND	edacte r Publ	
2. Cash-RUS Construction Fund 3. Accounts Receivable 4. Notes Receivable 5. Materials and Inventory 6. Other Current Assets     Total Current 7. Assets (1 thru 6) NONCURRENT ASSETS 8. Investment in Affiliated Companies 9. Other Noncurrent Assets PLANT, PROPERTY, AND EQUIPMENT		
2. Cash-RUS Construction Fund 3. Accounts Receivable 4. Notes Receivable 5. Materials and Inventory 6. Other Current Assets Total Current 7. Assets (1 thru 6) NONCURRENT ASSETS 8. Investment in Affiliated Companies 9. Other Noncurrent Assets PLANT, PROPERTY, AND		
2. Cash-RUS Construction Fund 3. Accounts Receivable 4. Notes Receivable 5. Materials and Inventory 6. Other Current Assets     Total Current 7. Assets (1 thru 6) NONCURRENT ASSETS 8. Investment in Affiliated Companies 9. Other Noncurrent Assets PLANT, PROPERTY, AND EQUIPMENT 10. Telecom. Plant-in-Service	r Publ	
2. Cash-RUS Construction Fund 3. Accounts Receivable 4. Notes Receivable 5. Materials and Inventory 6. Other Current Assets     Total Current 7. Assets (1 thru 6) NONCURRENT ASSETS 8. Investment in Affiliated Companies 9. Other Noncurrent Assets PLANT, PROPERTY, AND EQUIPMENT 10. Telecom. Plant-in-Service	r Publ	
2. Cash-RUS Construction Fund 3. Accounts Receivable 4. Notes Receivable 5. Materials and Inventory 6. Other Current Assets     Total Current 7. Assets (1 thru 6) NONCURRENT ASSETS 8. Investment in Affiliated Companies 9. Other Noncurrent Assets PLANT, PROPERTY, AND EQUIPMENT 10. Telecom. Plant-in-Service	r Publ	
2. Cash-RUS Construction Fund 3. Accounts Receivable 4. Notes Receivable 5. Materials and Inventory 6. Other Current Assets     Total Current 7. Assets (1 thru 6) NONCURRENT ASSETS 8. Investment in Affiliated Companies 9. Other Noncurrent Assets PLANT, PROPERTY, AND EQUIPMENT 10. Telecom. Plant-in-Service	r Publ	
2. Cash-RUS Construction Fund 3. Accounts Receivable 4. Notes Receivable 5. Materials and Inventory 6. Other Current Assets     Total Current 7. Assets (1 thru 6) NONCURRENT ASSETS 8. Investment in Affiliated Companies 9. Other Noncurrent Assets PLANT, PROPERTY, AND EQUIPMENT 10. Telecom. Plant-in-Service		
2. Cash-RUS Construction Fund 3. Accounts Receivable 4. Notes Receivable 5. Materials and Inventory 6. Other Current Assets     Total Current 7. Assets (1 thru 6) NONCURRENT ASSETS 8. Investment in Affiliated Companies 9. Other Noncurrent Assets PLANT, PROPERTY, AND EQUIPMENT 10. Telecom. Plant-in-Service  11. Plant Under Construction 12. Plant Adj., Nonop. Plant, & Goodwill 13. Less Accumulated Depreciation	r Publ	
2. Cash-RUS Construction Fund 3. Accounts Receivable 4. Notes Receivable 5. Materials and Inventory 6. Other Current Assets	r Publ	
2. Cash-RUS Construction Fund 3. Accounts Receivable 4. Notes Receivable 5. Materials and Inventory 6. Other Current Assets     Total Current 7. Assets (1 thru 6) NONCURRENT ASSETS 8. Investment in Affiliated Companies 9. Other Noncurrent Assets PLANT, PROPERTY, AND EQUIPMENT 10. Telecom. Plant-in-Service  11. Plant Under Construction 12. Plant Adj., Nonop. Plant, & Goodwill 13. Less Accumulated Depreciation Net Plant	r Publ	
2. Cash-RUS Construction Fund 3. Accounts Receivable 4. Notes Receivable 5. Materials and Inventory 6. Other Current Assets	r Publ	
2. Cash-RUS Construction Fund 3. Accounts Receivable 4. Notes Receivable 5. Materials and Inventory 6. Other Current Assets     Total Current 7. Assets (1 thru 6) NONCURRENT ASSETS 8. Investment in Affiliated Companies 9. Other Noncurrent Assets PLANT, PROPERTY, AND EQUIPMENT 10. Telecom. Plant-in-Service  11. Plant Under Construction 12. Plant Adj., Nonop. Plant, & Goodwill 13. Less Accumulated Depreciation Net Plant	r Publ	

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## FINANCIAL AND STATISTICAL REPORT FOR BROADBAND BORROWERS

BORROWER DESIGNATION

OR1108

PERIOD ENDING

December, 2014

### PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS

ITE

YEAR-TO-DATE

AND
1. Local Network Services Revenues
a. Voice
b. Video
c. Internet
i. Broadband
ii. Other
2. Network Access Services and Long Distance Revenues
3. Miscellaneous Revenues
Other Operating Income
5. Uncollectible Revenues
6. Net Operating Revenues (11 thru 4 less 5)
7. Plant Specific Operations Expense
8. Plant Nonspecific Operations Expense
(Excluding Depreciation & Amortization)
9. Customer Operations Expense
10. Corporate Operations Expense
11. Other Operating Expenses
12. Total Operating Expenses (7 thru 11)
13. Operating Income or Margins (6 less 12)
14. Nonoperating/Nonregulated Net Income
15. EBIDTA (13 + 14)
16. Depreciation Expense
17. Amortization Expense
18. EBIT (15 - 16 - 17)
19. Interest on Funded Debt
20. Other Interest Expense
21. Taxes
a. Property
b. Income
22. Total Net Income or Margins
(18-19-20-21)
23 Dividends Declared (Common)
24 Dividends Paid
25 Transfers to Patronage Capital
26 Principal Payments on Long Term Debt and Capital Leases
27 TIFR (19 + 20 + 22) / (19 + 20)

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## FINANCIAL AND STATISTICAL REPORT FOR BROADBAND BORROWERS

BORROWER DESIGNATION

OR1108

PERIOD ENDING

December, 2014

	- CLANCE	PAF	RT C. SERVICES			
		1. RATES		2. SUBSCRIBERS		
		Residential	Business	Residential	Business	Total
No.	SERVICE OFFERINGS	(a)	(b)	(a)	(b)	(c)
	Broadband Data Packages	SHOW THE VALUE OF THE PARTY OF				
1	100000000000000000000000000000000000000	20000		1	2022 2022	
	Double Play - Video/Broadband Data		With the second			
2	9m/1m	49.95	49.95	318	14	332
	Double Play - Voice/Broadband Data					
3	3m/1m	42.95	42.95	123	7	130
4	6m/1m	42.95	42.95	2607	204	2811
5	5m/512k					
6	12M/1M	56.95	56.95	599	44	643
7	20m/10m	76.95	76.95	6	1	7
8	512k/512k	27.95	27.95	467	18	485
9	3m/1m	37.95	37.95	201	2	203
10	15m/3m	66.95	66.95	9	2	11
11	9m/1m	56.95	56.95	68	8	76
12	6m/1m	49.95	49.95	42	1	43
13	10m/512k		**	11224		
14	12m/1m	95.00	95.00	5	0	5
15	60m/30m	96.95	96.95	6	5	11
16	60M/30M					
17	40M/20M	86.95	86.95	6	1	7

## FINANCIAL AND STATISTICAL REPORT FOR BROADBAND BORROWERS

BORROWER DESIGNATION

OR1108

PERIOD ENDING

December, 2014

PART C. COMMUNITIES					
No.	Community	County	State	No.Broadband Data Customers	Broadband Application
1	Haines city	Baker	OR	249	
2	Estacada city	Clackamas	OR	3,266	= 02-2
3	Other Area	Multnomah	OR	826	
4	Elkton city	Douglas	OR	425	

## FINANCIAL AND STATISTICAL REPORT FOR BROADBAND BORROWERS

BORROWER DESIGNATION

OR1108

PERIOD ENDING

December, 2014

PART D. STATEMENT OF CASH FLOWS

**CASH FLOWS FROM OPERATING ACTIVITIES:** 3. Add: Depreciation 4. Add: Amortization 5. Other (Explain) Changes in Operating Assets and Liabilities: 6. Decrease/(Increase) in Accounts Receivable 7. Decrease/(Increase) in Materials and Inventory 8. Decrease/(Increase) in Other Current Assets 9. Increase/(Decrease) in Accounts Payable 10. Increase/(Decrease) in Other Current Liabilities CASH FLOWS FROM FINANCING ACTIVITIES: 12. Decrease/(Increase) in Notes Receivable 13. Increase/(Decrease) in Notes Payable 14. Plus:/(Less) Net Increase/(Decrease) in Long Term Debt (included) 15. Plus: Increase/(Less: Decrease) in Capital Stock, Paid-in Capit 16. Less: Payment of Dividends 17. Other (Explain) CASH FLOWS FROM INVESTING ACTIVITIES: 19. Net Capital Expenditures 20. Long-Term Investments 21. Other (Explain) 23.

# 2. Net Income Adjustments to Reconcile Net Income to Net Cash Provided by Operat 3. Add: Depreciation 4. Add: Amortization 5. Other (Explain) Changes in Operating Assets and Liabilities: 6. Decrease/(Increase) in Accounts Receivable 7. Decrease/(Increase) in Materials and Inventory 8. Decrease/(Increase) in Other Current Assets 9. Increase/(Decrease) in Accounts Payable 10. Increase/(Decrease) in Other Current Liabilities 11.

### 532371or3017

USDA-RUS	BORROWER DESIGNATION			
FINANCIAL AND STATISTICAL REPORT	OR1108			
FOR BROADBAND BORROWERS	PERIOD ENDING			
	December, 2014			
PART E. BIP PERFORMANCE MEASURES				
	New Broadband Service	Improved Broadband Service		
Number of households subscribing to	41	652		
2. Number of businesses subscribing to	5	1		
3. Number of educational providers receiving	0	2		
4. Number of libraries receiving	0	1		
5. Number of health care providers receiving	0	1		
6. Number of public safety providers receiving	0	0		

USDA-RUS

## FINANCIAL AND STATISTICAL REPORT FOR BROADBAND BORROWERS

BORROWER DESIGNATION

OR1108

PERIOD ENDING

December, 2014

Notes to Operating Report - Broadband